APPENDIX A: COMMENT LETTERS RECEIVED DURING COMMENT PERIOD
JULY 19 TO AUGUST 3, 2012

The following comments are from Alta Environmental – Comment Letter #1

From: Paul Engel [Paul.Engel@AltaEnviron.com]
Sent: Tuesday, July 24, 2012 2:02 PM
To: Don B Hopps
Subject: Comments on Rule 219 / Rule 222 Amendments

Don

Per our telephone conversation, earlier today, please see my suggested language clarifications below;

Current Draft Rule 219 Language	Suggested Language
Rule 219(b)(1) Piston type internal combustion engines with a manufacturer's rating of 50 brake horsepower or less; or gas turbine engines, or microturbines or other distributed energy generation systems, individual or combined, with a maximum heat input rate of 3,500,000 British Thermal Units (BTU) per hour or less that are state-certified	i) Piston type internal combustion engines with a manufacturer's rating of 50 brake horsepower or less; or ii) Gas turbine engines, or microturbines or other distributed energy generation systems~~; individual or combined~~, with a maximum heat input rate of 3,500,000 British Thermal Units (BTU) per hour or less that are state-certified
Rule 219(p)(22) Equipment used to recycle aerosol paint cans by puncturing in an enclosed system which is vented through a carbon filter. This exemption shall only apply to aerosol paint recycling systems that process aerosol paint cans that are used on-site at that same facility.	Equipment used to recycle aerosol ~~paint~~ cans *which contain VOC product and/or VOC propellant* by puncturing in an enclosed system which is vented through *an activated* carbon ~~filter~~ canister. This exemption shall only apply to aerosol ~~paint~~ *can* recycling systems that process aerosol ~~paint~~ cans that are used *or produced* on-site at that same facility.

1-1

1-2

Current Draft Rule 222 Language	Suggested Language
DEFINTIONS and Table I Microturbines or other distributed energy generation systems, individual or combined, with a maximum heat input rate of 3,500,000 British Thermal Units (BTU) per hour or less that are state-certified	Microturbines or other distributed energy generation systems~~, individual or combined~~, with a maximum heat input rate of 3,500,000 British Thermal Units (BTU) per hour or less that are state-certified
DEFINTIONS and Table I FOOD CONVECTION OVEN is any equipment used exclusively for food preparation has a maximum heat input rate of 2,000,000 British Thermal Units (BTU) per hour and is fired exclusively on natural gas .	FOOD CONVECTION OVEN is any equipment used exclusively for food preparation has *a heat input not less than 2,000,000 British Thermal Units (BTU) per hour or greater than* a maximum heat input rate of 2,000,000 British Thermal Units (BTU) per hour and is fired exclusively on natural gas .

1-3

1-4

"Individual or combined" terminology sets a precedent which is slippery slope and can lead to confusion to enforcement/compliance. In all other Rules, the heat rating is per the particular piece of equipment to determine applicability. I cannot find another Rule where the BTU ratings are aggregated to qualify for an exemption or to require a Rule applicability.

1-5

If you have any questions, please call or e-mail me.

PAUL ENGEL, CPP, REA
SENIOR ENGINEER III

ALTA ENVIRONMENTAL

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Response to Comment #1-1

Staff appreciates the feedback regarding the proposed rule language in both proposed amended rules; 219 and 222. Based on the comment, staff has revised the proposed rule language by removing "individual and combined" along with the changes as follows: "*. . . or gas turbine engines including micro-turbines, with a maximum heat input capacity of 3,500,000 British thermal units (Btu) per hour or less, provided that the cumulative power output of all such engines at a facility is less than two megawatts, and that the engines are certified at the time of installation with the state of California or were in operation prior to May 3, 2013."*

Response to Comment #1-2

Staff agrees with the comment and has revised the proposed language as follows: *"Equipment used to recycle aerosol cans by puncturing the can in an enclosed system which is vented through an activated carbon filter. This exemption shall only apply to aerosol recycling systems where the aerosol can to be recycled was used as part of their operation at the facility or from facilities under common ownership."*

Response to Comment #1-3

Staff agrees and has revised the proposed rule language consistent with the revised language in Rule 219, as detailed in Response to Comment #1-1.

Response to Comment #1-4

Staff agrees and has revised the proposed language for food convection ovens in Table I of Proposed Amended Rule 222 as follows: "*Food Convection Ovens that are exclusively fired on natural gas and have a rated maximum heat input capacity of no more than 2,000,000 Btu/hour and where the VOC emissions from yeast fermentation are less than one pound per day."*

Response to Comment #1-5

Please see Response to Comment 1-1.

The following comments are from CPP Corporation – Comment Letter #2

From: Al Bannister [Al.Bannister@cppcorp.com]
Sent: Thursday, July 26, 2012 10:35 AM
To: Don B Hopps
Cc: pmoore@yorkeengr.com
Subject: Rule 219 exemptions

Don:

We were unable to attend the Public Workshop for Proposed Amended Rules 219 and 222 at the SCAQMD yesterday. However, we want to submit comments and a request for suggested changes for Rule 219. Specifically, we believe that Rule 219 should include a permit exemption for aluminum melting pots which process alloys that contain traces of toxic air contaminants such as beryllium and nickel as long as the health risk assessment does not exceed Rule 1401 standards. This change would allow us to operate very small aluminum crucible furnaces and continue to be compliant with Rule 1147. These small furnaces cannot be economically upgraded. The cost to upgrade greatly exceeds the value of the equipment. 2-1

The permit exemption in 219(e)(2) is for melting pots with a capacity of less than 992 lbs in which aluminum alloys are melted that contain over 50% aluminum provided the alloy does "not contain alloying elements of arsenic, beryllium, cadmium, chromium and/or lead and such furnaces are exempt pursuant to paragraph (b)(2)" (i.e. heat input rating is <2,000,000 Btu/hour). If the alloys used in these melting pots contain trace amounts of beryllium, for example, it would appear that this exemption is unavailable. However, we are aware of a case in which the SCAQMD allowed a permit exemption for melting pots which process alloys that do not contain significant amounts of beryllium based on the results of a Rule 1401 health risk assessment. Therefore, we would like to propose modification to the language in paragraph 219(e)(2) to state: 2-2

> (2) Crucible furnaces, pot furnaces or induction furnaces with a capacity of 450 kilograms (992 pounds) or less each, where no sweating or distilling is conducted and where only the following materials are poured or held in a molten state and control equipment exclusively venting the equipment:
>
> (A) Aluminum or any alloy containing over 50 percent aluminum,
> (B) Magnesium or any alloy containing over 50 percent magnesium,
> (C) Tin or any alloy containing over 50 percent tin,
> (D) Zinc or any alloy containing over 50 percent zinc,
> (E) Copper or any alloy containing over 50 percent copper,
> (F) Precious metals, and
> (G) Glass.
>
> Provided these materials do not contain alloying elements of arsenic, beryllium, cadmium, chromium and/or lead, and such furnaces are exempt pursuant to paragraph (b)(2). However, if a health risk assessment, that is approved by the Executive Officer, demonstrates that trace amounts of beryllium in these alloys will not result in health risk greater than that identified in subparagraph (d)(1)(A), or paragraphs (d)(2) or (d)(3) in Rule 1401 – New Source Review of Toxic Air Contaminants, then this exemption is applicable. 2-3

Is the SCAQMD open to consider such a change to Rule 219? By adding this proposed language to Rule 219 our aluminum melting pots would qualify for a permit exemption and would be removed from Rule 1147 applicability. We have done a more detailed analysis of our equipment and processes and would be willing to share this with you if you are interested. Please let me know if this is the correct avenue for submitting this request. Thank you for your consideration. 2-4

Sincerely,

Al Bannister
Director of Facilities
CPP Corp.
951-545-8638

Response to Comment #2-1

The current rule language for Rule 219 paragraph (e)(2) does not include any toxics such as arsenic, beryllium, cadmium, chromium and lead. Therefore, no trace of any of these toxics is acceptable to meet this exemption. Staff has concerns with "traces" of these toxic materials based on how much would be an acceptable risk for human health. An environmental analysis would have to be conducted prior to determination if a permit is necessary which is beyond the scope of Rule 219. The limited purpose of Rule 219 is to exempt certain small emissions sources that could then transition from their current written permit into a more streamlined Rule 222 filing program.

Response to Comment #2-2

The commenter is correct, if a melting pot, with a holding capacity of 450 kilograms (992 pounds) contains any metal(s) as specified in paragraph (e)(2)with trace amounts of toxic materials, the exemption would not apply. A permit exemption for trace amounts of toxic materials would have to be addressed in writing and approved by the Executive Officer on a case by case basis.

Response to Comment #2-3

Staff appreciates the suggested additional rule language added to the last paragraph of Rule 219 section (e)(2) but believes the current rule language is sufficient. If a facility is required to use trace amounts of toxic materials they will have to submit their request in writing and upon approval by the Executive Officer it may be granted an exemption pursuant to paragraph (e)(2). The alternative would be a written permit.

Response to Comment #2-4

Staff appreciates the comments in regard to trace amounts of toxics in alloys that are held in a molten state in melting pots. A permit exemption for trace amounts of toxic materials would have to be addressed in writing and approved by the Executive Officer on a case by case basis.

The following comments are from Disneyland Resort – Comment Letter #3

From: Jiang, Hao [Hao.Jiang@disney.com]
Sent: Friday, July 27, 2012 4:06 PM
To: Don B Hopps; Naveen Berry
Cc: Antonoplis, Bob; Dela Vara, Frank
Subject: Comments to proposed changes to R219
Attachments: Things Need AQMD Permit.doc

Hi Don and Naveen,

Thank you for providing us with the opportunity for commenting the proposed rule changes. Summarized below are the comments I had at your July 19 public workshop. I also attached a sheet we use for some equipments I mentioned below.

R219(b)(2): AQMD Annual Emission Report guideline provides a default external burner NOX emission rate at 20 lbs per 1000 gallons of diesel use; therefore one pounds of NOX emission equivalent to 50 gallons of diesel use. In order for the operator to easily understand and monitor the exemption condition, we suggest change this one to

"Boilers, process heaters, or any combustion equipment that each has a maximum heat input rate capacity of 2,000,000 Btu per hour (gross) or less and is ~~are~~ equipped to be heated exclusively with~~,~~ natural gas, methanol, liquefied petroleum gas, or any combination thereof; or diesel fueled boilers that are located above sea level of more than 4,000 feet or more than 15 miles offshore, and ~~the maximum NOx emission output of the equipment is less than one pound per day.~~ each uses less than 50 gallons of diesel fuel per day, or diesel or kerosene fueled portable space heaters that each has a maximum heat input rate capacity of 1,000,000 Btu per hour (gross) or less and uses less than 50 gallons of fuel per day."

3-1

R219(b)(3): While a diesel burner is used to heat water, pressure washers always come with a small gasoline engine to provide pressure. We understand that the District's intention is to exempt pressure washer based on the burner size and daily fuel use. To avoid confusing, we suggest change this one to

"Power pressure washers, portable hot water or steam washers and cleaners, equipped with a heating device that has a maximum heat input capacity of 2,000,000 Btu per hour (gross) or less and is equipped to be heated exclusively with natural gas, methanol, liquefied petroleum gas, or any combination thereof or diesel fuel, and ~~the maximum NOx emission output of the equipment is less than one pound per day and~~ the heating device uses less than 50 gallons ~~(or GGE)~~ of fuel per day. This exemption does not apply to piston type internal combustion engines or turbines."

3-2

R219(f)(5): Suggest change to include dry ice blasting cleaner in this clause, because this type of equipment generate very little emissions.

"Portable sand/water blaster equipment and associated piston type internal combustion engine provided the water in the mixture is 66 percent or more by volume is maintained during operation of such equipment, or portable dry ice (CO2) blasting cleaning equipment provided maximum daily dry ice use is 100 lbs or less . Piston type internal combustion engines must be exempt pursuant to paragraph (b)(1)."

3-3

R219(h)(1): Suggest change to

"Printing and related coating and/or laminating equipment and associated dryers and curing equipment, as well as associated air pollution control equipment, provided that such dryers and curing equipment are exempt pursuant to paragraph (b)(2) and that air pollution control equipment is not required for source specific rule compliance, ~~are exempt pursuant to paragraph (b)(2),~~ and provided that:"

3-4

R219(i)(5): Suggest change to

"Equipment including dry material storing equipment used in eating establishments for the purpose of preparing food for human consumption."

3-5

R219(p)(22): Suggest change to

"Equipment used to recycle aerosol ~~paint~~ cans by puncturing the can in an enclosed system which is vented through a carbon filter. This exemption shall only apply to aerosol ~~paint~~ cans recycling systems that process aerosol ~~paint~~ cans that were used on-site at that same facility."

3-6

Questions:

R219(c)(3): Can identical placement be used for an equipment, which AQMD lists the equipment serial number in the permit?

3-7

R219(s)(3): If a facility does hold an AQMD permit, will a R222 registration is required for 3 types of operations as described in R219(s)(3)?

3-8

Thank you
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Response to Comment #3-1

Staff agrees with the commenter's suggestion to add additional rule language consisting of "and uses less than 50 gallons of fuel per day," and this change was made to the rule language. Staff included portable diesel fueled heaters but under a separate category included in paragraph (b)(4) and limited a maximum heat input capacity of 250,000 Btu per hour and not the requested 1,000,000 Btu per hour.

Response to Comment #3-2

Staff revised the proposed rule language in paragraph (b)(4) that pertains to portable power washers. However, staff does not believe that keeping the current rule language will be confusing. The revised rule language for paragraph (b)(4) is as follows: *"Portable power pressure washers and hot water or steam washers and cleaners, with a maximum rated heat input capacity of 550,000 Btu per hour (gross) or less and is equipped to be heated exclusively with natural gas, methanol, liquefied petroleum gas, or any combination thereof or diesel fuel, and the maximum NOx emission output of the equipment is less than one pound per day and uses less than 50 gallons of fuel per day. This exemption does not apply to piston type internal combustion engines or turbines. "*

Response to Comment #3-3

Compliance and permitting staff both have strong concerns with regard to an exemption for dry ice (CO_2) blasting. The concerns are not the dry ice projectiles, but the coating on the substrate that will be blasted with the dry ice projectiles. This process can generate dust from substrates and from any toxics that may be in a coating that was previously applied to the substrate. AQMD staff maintains that dry ice blasting will continue to be a material removing process and require a permit to operate.

Response to Comment #3-4

Staff concurs and has revised the proposed rule language as follows: "*Printing and related coating and/or laminating equipment and associated dryers and curing equipment, as well as associated air pollution control equipment, provided such dryers and curing equipment are exempt pursuant to paragraph (b)(2), and air pollution control equipment is not required for source specific rule compliance, and provided that:"*

Response to Comment #3-5

Staff does not believe that the rule language in Rule 219 subparagraph (i)(5) needs to be changed with the commenter's suggestion. The current rule language "*Equipment used in eating establishments for the purpose of preparing food for human consumption*" provides an exemption to equipment that is used in eating establishments for the purpose of preparing food.

Response to Comment #3-6

See Response to Comment #1-2.

Response to Comment #3-7

If a facility operates a permitted piece of equipment that is damaged, wears out or becomes inoperable and is replaced with an identical piece of equipment that has a different model number or serial number the permit holder should contact the AQMD permitting staff to update the permit to operate. The commenter should note that it is important to have the correct equipment described on the permit to operate because it is one of the first steps to a compliance inspection for AQMD inspectors. If the equipment does not match the permit to operate, subsequent compliance action may be implemented to require the permit holder to update the permit or replace the permit to operate with a new permit to operate, depending on the situation.

Response to Comment #3-8

The rule language provided in Rule 219 paragraph (s)(3) requires a single filing for all the categories of equipment, processes or operations as shown in subparagraphs (s)(3)(A), (s)(3)(B) and (s)(3)(C), but only if a facility does not have a written permit for any equipment and emits 4.0 tons or more of VOCs in any fiscal year. The scope of the proposed amendments to Rule 222 is to include small emitting sources such as portable power pressure washers that use a heater or burner that has a rated maximum heat input capacity of 500,000 Btu/hour or less, diesel fuel boilers that have a rated maximum Btu/hour of 2,000,000 Btu//hour or less, micro-turbines and several other categories of equipment that produce up to one pound of NOx emissions or less per day. The proposed amendments to Rule 222 does not include printing operations, coating or adhesive application or laminating equipment or hand application of VOC containing materials for inclusion to the Rule 222 filing program.

The following comments are from Metropolitan Water District – Comment Letter #4

From: Kaufman,Carol Y [cykaufman@mwdh2o.com]
Sent: Saturday, July 28, 2012 5:45 PM
To: Don B Hopps
Cc: Naveen Berry; Koch,Bart; jbell mwdh2o.com; Guillory,Dan
Subject: MWD Comments re:: Proposed Amended Rules 219 and 222

Importance: High

Hi Mr. Hopps,

This is a follow-up to the July 19, 2012 Public Workshop for Proposed Amended Rules 219 and 222. Metropolitan Water District of Southern California (Metropolitan) appreciates the opportunity to participate in the rulemaking process and to provide comments on the proposed amendments. Metropolitan distributes wholesale water obtained from the Colorado River and Northern California through 26 member agencies in a 5,200 square mile service area covering six counties and approximately 19 million people. In support of the maintenance of Metropolitan's extensive system of water conveyances, reservoirs and water treatment plants, we operate equipment possessing diesel burners (i.e., power pressure washers/steam cleaners; asphalt distributor tanker truck) that should be captured by the proposed changes to Rule 222.

Specifically, we would like clarification to the proposed rule wording to confirm that the following equipment is included in the Rule 222 registration option as an alternative to the written permits:

1. Asphalt Day Tanker – as proposed, this equipment is defined as a storage tank with maximum capacity between 159 through 5,000 gallons, that is mounted on a motor vehicle that is used to transport heated or unheated asphalt or coal tar, and is equipped with Liquefied Petroleum Gas fired burners. Metropolitan has an existing 2,000 gallon asphalt distributor tanker truck that possesses a diesel fired burner, 770,000 Btu/hr input capacity. The operating temperature is between 140 to 180 degrees F. We ask that this similar asphalt tanker unit with a diesel burner be included in the Rule 222 registration program.

4-1

2. Power Pressure Washers – as proposed, this equipment is defined a using a combustion process that has a maximum heat input capacity of no more than 2,000,000 Btu/hour to heat pressurized water for purposes of power

4-2

washing and uses no more than 50 gallons of fuel per day. Provisions for power pressure washers are also included in the partner Rule 219, however the proposed rule language further defines the units as "…portable hot water or steam washers and cleaners, with a maximum heat input capacity of 2,000,000 Btu per hour (gross) or less and is equipment to be heated exclusively with natural gas, methanol, liquefied petroleum gas, or any combination thereof or diesel fuel, and the maximum NOx emission output of the equipment is less than one pound per day and uses less than 50 gallons (or GGE) of fuel per day." For consistency, the Rule 219 language should be incorporated into the Rule 222 wording for Power Pressure Washers.

4-2 Cont'd

Thank you for your consideration of our comments. We appreciate the SCAQMD staff's effort to reduce the Rule 1147 regulatory impact to industry by including this proposed equipment in Rules 219/222.

Please contact me if you have any questions.

Sincerely,

Carol Kaufman
Air Quality Program Manager
Metropolitan Water District of Southern California
700 North Alameda Street
Los Angeles, CA 90012
213-217-6207
FAX 213-217-6700
Cell 310-850-6105

Response to Comment #4-1

The scope for the proposed amendment to Rule 222 is to include certain specified additional small emitting sources with no feasible potential for further reduction pursuant to Rule 1147and transition them from a written permit to the Rule 222 filing program, but would still include the same operating conditions, in efforts to streamline the permitting of these small emitting sources into a simpler application type filing program. The proposed amendment for asphalt day tankers has two qualifications that must be met to be considered for inclusion into the Rule 222 filing program: (1) The maximum holding capacity of the coal tar or asphalt material must be at least 159 gallons but no more than 5,000 gallons (asphalt day tankers with less than 159 gallons are completely exempt), and( ). The fuel used to fire the burner(s) must be a liquefied petroleum gas. Diesel fuel heated asphalt day tankers are not included in the proposed language in Rule 219 or the Rule 222 filing program, as this type of equipment can be operated on LPG.

Response to Comment #4-2

Staff concurs and has revised the definition for power pressure washers accordingly. However, the rated maximum heat input capacity for the power pressure washers has been limited to 500,000 Btu per hour or less. The revised rule language is as follows: *"Power pressure washers, portable hot water or steam washers and cleaners, with a maximum rated heat input capacity of 500,000 Btu per hour (gross) or less and is equipped to be heated exclusively with natural gas, methanol, liquefied petroleum gas, or any combination thereof or diesel fuel, and the maximum NOx emission output of the equipment is less than one pound per day and uses less than 50 gallons of fuel per day. This exemption does not apply to piston type internal combustion engines or turbines.*

Electrically heated burners shall be considered exempt from permit or the Rule 222 filing program requirements."

The following comments are from Southern California Edison – Comment Letter #5

Southern California Gas Company

A Sempra Energy utility®

Zach Maupo
Sr. Environmental Specialist

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July 31, 2012

Don Hopps
Air Quality Specialist Planning and Rules
SCAQMD 21865 Copley Drive
Diamond Bar, CA 91765

Subject: SCAQMD Rule 219 Proposed Rule Amendments

Mr. Hopps:

Southern California Gas Company (SCG) would like to respectfully submit these comments regarding the proposed amendments to Rule 219, Equipment Not Requiring a Written Permit Pursuant to Regulation II.

SCG would like SCAQMD to amend propose rule language that further clarifies that the exemption under SCAQMD Rule 219(m) (9) applies in all cases where a tank smaller than 2500 gallons and associated equipment is used for VOC containing liquid storage or transfer to and from such storage tanks. Specifically, the exemption does apply to odorant storage tanks, injection systems and carbon canisters in natural gas odorization operations. SCG would also like SCAQMD to amend proposed section p(22) to allow operators who consolidate their aerosol can waste to use aerosol can recycling systems and not require a permit.

Southern California Gas Company (SoCalGas) has been delivering clean, safe and reliable natural gas to its customers for more than 140 years. It is the nation's largest natural gas distribution utility, providing safe and reliable energy to 20.9 million consumers through 5.8 million meters in more than 500 communities. The company's service territory encompasses approximately 20,000 square miles in diverse terrain throughout Central and Southern California, from Visalia to the Mexican border.

5-1

As a California Public Utility Commission (CPUC) regulated natural gas transmission utility, SCG must accept CPUC quality commercial natural gas from local "producers" which is a CPUC mandate. Producers are small, medium, and large crude oil producing fields which produce CPUC quality commercial natural gas as a byproduct of their primary operations. This producer gas must be odorized to conform to CPUC safety standards and regulations. SCG has installed and operates several odorizing systems at 17 producer sites throughout the SCAQMD jurisdiction. Each one of the odorizing systems

5-2

has an odorant tank of less than 251 gallons. The actual range of the odorant tanks is as small as 6 gallons to as large as 120 gallons, which is more than 50% smaller than the current exemption size in Rule 219 m(9). To ensure that there is little ambiguity that these small systems are subject to permitting, SCG is recommending that the current language in 219 m(9) be modified to read as follows: "*Equipment used exclusively for VOC containing liquid storage and/or transfer to and from such storage, of less than 950 liters (251 gallons) capacity. This includes all natural gas odorant storage and associated transfer equipment. This exemption does not include asphalt.*" Language in red indicates amended language. Facts about the odorant storage systems:

- Odorant is stored as a liquid, not as a vapor
- Only one tank is larger than 60 gallons.
- Odorant systems do not vent during filling or normal operations
- The potential for VOC emissions from odorant tanks and transfer activities are negligible
- It is not cost effective for the SCAQMD to assign permit resources for equipment with negligible emissions.
- Carbon canisters are only used during periodic odorant transfer and are exempt per 219(m)(5)

5-2 Cont'd

With respect to Rule 219 p(22), during the most recent public workshop, SCAQMD stated section p(22) was created to allow aerosol can recycling for operations as long as the recycler was not a large metals recycling operator. However the language inadvertently will restrict operators which have multiple locations and recycle aerosol cans in one location to conduct aerosol can recycling. SCG does not believe that this was the SCAQMD's intention while creating the language for this section. SCAQMD would like to encourage recycling as much as possible. In order to promote recycling while still requiring permitting for large metal recycling operations, SCAQMD should modify Rule 219 p(22) with the following (new language in red):

"*Equipment used to recycle aerosol paint cans by puncturing the can in an enclosed system which is vented through a carbon filter. This exemption shall only apply to aerosol paint recycling systems that process aerosol paint cans that were used on-site at that same facility or facilities owned and operated by the same company.*"

SGA appreciates your consideration of these comments and looks forward to working with the EPA on these amendments. If you need additional information, please free to contact me.

5-3

Thank you

Zach Muepo

Response to Comment #5-1

Staff appreciates receiving the comment letter from the Southern California Gas Company and will address their proposed language for Rule 219 subparagraphs (m)(9) and (p)(22) in the following comments and responses. See Response to Comment 5-2 and Response to Comment 4-2, respectively.

Response to Comment #5-2

AQMD permitting and compliance staff believes that a specific exemption for the storage of odorants for natural gas and associated transfer equipment is warranted. Staff will propose an exemption in Proposed Amended Rule 219 for the storage of odorant for natural gas, propane or oil of less than 950 liters (251 gallons) capacity and associated transfer and control equipment used exclusively for such equipment provided a filing pursuant to Rule 222 is submitted to the Executive Officer.

Response to Comment #5-3

Please see Response to Comment #1-2.

The following comments are from Eastern Municipal Water District – Comment Letter #6

EASTERN MUNICIPAL WATER DISTRICT
SINCE 1950

August 3, 2012

Mr. Don Hopps
Planning, Rule Development and Area Sources
21865 Copley Drive
Diamond Bar, CA 91765
(dhopps@aqmd.gov)

Dear Mr. Hopps:

SUBJECT: Comment Letter – Proposed Amendments for Rule 219 and Rule 222

Eastern Municipal Water District (EMWD) appreciates the opportunity to provide comments on South Coast Air Quality Management (SCAQMD) Rule 219 and Rule 222 proposed amendments for Equipment Not Requiring a Written Permit and Filing Requirements for Specific Emission Sources Not Requiring a Written Permit, respectively. EMWD currently provides potable water and water reclamation services to 755,000 people in a service are of 542 square miles. Two (2) Water filtration Plants and two (2) Desalinization Facility, in addition to MWD connections and local wells, provide potable water to the customers the District serves. EMWD has 1,732 miles of sewer collection system including lift stations and force-mains that convey sewage to the four (4) water reclamation facilities. These water reclamation facilities provide wastewater services to a portion of western Riverside County producing about 45 million gallons per day of tertiary treated recycled water that is distributed and utilized for agricultural, irrigation, landscape, industrial and environmental uses. As the provider of both water and wastewater reclamation services, EMWD is responsible for effectively managing its sources economically while being a good neighbor to the community. EMWD appreciates the intent of the proposed rule amendments to clarify exemptions as well as striving to meet goals set by the SCAQMD measurements for attainment within the basin. However, EMWD recommends changes in Rule 219 (b)(1) and Rule 222 Table 1, and Rule 219 (d) (10) as follows:

- Micro-turbines or other distributed energy generated system should be exempted individually as these units are required to meet state certification.

6-1

Mailing Address: Post Office Box 8300 Perris, CA 92572-8300 Telephone: (951) 928-3777 Fax: (951) 928-6177
Location: 2270 Trumble Road Perris, CA 92570 Internet : www.emwd.org

- Micro-turbines or other distributed energy generated systems purchased prior to October 5, 2012 be included in the permit exemption.
- Passive carbon odor scrubber volume restriction should be removed and the use within wastewater treatment facilities included in the permit exemption.

6-1 Cont'd

Additional, EMWD recommends the following changes:

Removal of Combination Requirement

Currently, the proposed amendment to the rule requires having the state certification for distributed generation to qualify for the permit exemption. There are only three state certified units for micro-turbines that operate on natural gas (see attachment). One of which will no longer be certified as of October 12, 2012, seven days after the effective date for Rule 222. Additionally, the two remaining certified units are over 200kW are under the 3.5 million BTU requirement but would not qualify for the permit exemption regulated as used multiple units. Therefore, there are no units used together that qualify under the proposed rule language. Additionally, micro-turbines or other distributed energy generated system are typically used for dual functions, energy and heat generation, and will use a combination of these units to meet the need of either function. Most companies justify the use of micro-turbines or other distributed energy generated system for operational savings provided by the dual functionality. EMWD, for example, utilizes a combination of these units to generate heat for heating and cooling a building and for heating a paint booth. Therefore, EMWD recommends the deletion of the wording "combined" in Rule 219 (b)(1) and Rule 222 Table 1 as this requirement creates additional permitting for units already certified by the state.

6-2

Purchased Micro-Turbines Exemption

EMWD recommends the inclusion of micro-turbines and other distributed energy generated system purchased prior to October 5, 2012 for the permit exemption in Rule 219 (b)(1) and Rule 222 Table 1. Therefore, purchased units after the October 5, 2012, both "used" units or "new" units not meeting state certification, will not be included in the permit exemption. EMWD operates nine (9) micro-turbine units that are currently not state certified and were initially funded from grants provided by SCAQMD and Southern California Edison. These units were installed in 2002 and since the installation six (6) micro-turbines have been replaced with 4 new units and 2 used units. Micro-turbines have a limited life and when failure occurs these units typically cannot be rebuilt and must be replaced. Additionally, good operational "used" units are getting harder to find. Therefore, replacement of the units will be with a new and state certified type. Recently, EMWD received 17 additional micro-turbine units from SCAQMD that are not state-certified and would not qualify for the proposed permit exemption in the rule. Thus, EMWD would be required to permit all of these units, which includes the recently received 17 micro-turbines and the 9 existing units, at an estimated cost between $20,000 and $40,000.

6-3

Passive Carbon Odor Scrubber Modification

EMWD concurs with the SCAP comment letter dated July 20, 2008 in regards to the clarification that odor control units are usually voluntary , done in part as a good neighbor policy and should not be subject to VOC requirements. EMWD would like to utilize passive carbon scrubber units for odor control without strict rule restriction in neighborhoods where sewer lines transverse through as well as within the wastewater treatment facilities. Limiting the size to 55 gallons becomes an issue when designing a unit within a certain location either in a neighborhood or wastewater facility. Again, the goal for such units is primarily "voluntary" odor control.

6-4

Therefore, EMWD would recommend that the size restriction in Rule 219 section (d)(10) be removed and the use of these units for wastewater facilities be included in permit exemption.

Thank you for the opportunity to comment. If you have any questions, please feel free to contact Al Javier at (951) 928-3777 extension 6327 or at javiera@emwd.org.

6-4 Cont'd

Sincerely,

Jayne Joy, P.E
Director of Environmental and Regulatory Compliance

JJ/ARJ:tlg

cc: Records Management

Response to Comment #6-1

Staff appreciates the comment letter from the Eastern Metropolitan Water District (EMWD) addressing the Micro-turbines and the passive odors scrubbers. Staff has had several meetings with public service facility stakeholders in regard to crafting rule language for passive carbon odor scrubbers.

Response to Comment #6-2

Please note that staff has modified the proposed rule to ensure that the restructured exemption applies prospectively to new installations and not to already installed units. Please see Response to Comment #1-1.

Response to Comment #6-3

Please note that staff has modified the proposed rule to ensure that the restructured exemption applies prospectively to new installations and not to already installed units. Please see Response to Comment #1-1.

Response to Comment #6-4

After several meetings with stakeholders including the commenter, staff has revised the rule language for Rule 219 (d)(10) as follows: "*Passive carbon adsorbers with a maximum capacity of no more than 120 gallons, without mechanical ventilation used exclusively for odor control at wastewater treatment plants or sewer collection systems, including sanitary sewers, manholes and pump stations*." Staff believes the new proposed rule language will address the concerns of the stakeholders.

The following comments are from MPE Services, Inc. – Comment Letter #7

MPE SERVICES, INC.
Mechanical & Process Engineering Consultants

3030 Armstrongs Drive ♦ Corona, CA 92881
Phone (951) 735-4418 ♦ Fax (951) 735-4463
www.mpeservicesinc.com

August 3, 2012

Mr. Don Hopps
Planning, Rule Development & Area Sources
21865 Copley Drive
Diamond Bar, CA 91765

Re: BioGreen360 Organic Decomposing Machine

Dear Mr. Hopps,

We are a Process Engineering Consulting firm located in Corona, California. www.mpeservicesinc.com We have partnered with a company named Green Waste Stream, LLC out of Stratham, New Hampshire. We have been developing a machine called the BioGreen360 that is a self-contained, continuous feed organic waste disposal system designed to convert food waste into a viable soil amendment. www.biogreen360.com The machine takes organic waste and microbially reduces the volume by 90%. The discharge from the machine is a solid discharge with varying moistures. Our "definition" of organic waste is anything that the human body can consume, such as fruits, vegetable, table scraps, bread, meat, fish, dairy products, etc.

The way the machine works is the organic waste is dumped into a hopper where it is mixed with a microbial formula that needs replacement once a year. The hopper where the organic solution is mixed together is a controlled environment where the microbes can grow. The by-product from the microbes is discharged into the machine's sump at which time this slurry is pumped into a Radiator (cooking chamber) where the product is heated to over 280 degrees for approx. 2 to 2-1/2 hours, effectively killing all pathogens and bacteria. After approx. 24 hours, the organic waste has been reduced by approx. 90% and can be considered a bio-sterile mass. This discharged product can vary in moisture and it is approx. 80 - 90% dry. We are basically cooking the moisture out of the organic waste.

The original intent of the decomposer was to reduce the amount of organic waste going to the landfills. We are working on developing the discharge of the machine into a compostable product. We are also working to develop the discharge and use it as a supplement to Animal Feed.

Back East, it has been mandated (Jan, 2012) that their organic waste needs to be separated from their regular trash and be recycled. Our company, MPE Services has

7-1

Page 1

begun manufacturing these machines and they are being sold on the East coast since September, 2011. We understand that with the passage of California Assembly Bill 939, Bill 32, or Bill 341 (July1, 2012), there will be a need to create more options to recycle organic waste in California. http://www.calrecycle.ca.gov/ Much of the diverted organic waste is being brought to compost piles which the AQMD also regulates. The BioGreen360 machine is a possible solution in eliminating the emissions and ground water contamination issues that these compost piles may have.

7-1 Cont'd

We are setting up a marketing team here in Corona, BioGreen Organic Solutions (BioGos), so that we can begin selling these machines here in California. www.biogos.com We have been in contact with the AQMD to inquire about the need to comply with any requirements of permits for our machine. We have potential customers asking if an AQMD permit is required.

7-2

In looking further at Rule 219 – Equipment Not Requiring a Written Permit Pursuant to Regulation II, we feel that we fall under the category of (i) Pharmaceuticals, Cosmetics, and Food Processing and Preparation Equipment.

We would like for you to consider adding Organic Decomposing Machines like ours to your list of equipment that doesn't fall under the category of requiring a permit for the following reasons:

1) Our maximum horizontal inside cross-sectional area is15.59 square feet which does not exceed the 2 square meters (21.5 square feet) specified under units like "Smoke Houses".
2) The product in the composter is all organic edible food type products.
3) We are basically cooking all of the free/bound moisture out of the food.
4) We do not add water or liquids to the machine.
5) We do not add any type of chemicals to the machine.

We have attached the following additional information:

1) PP1.1 Equipment Process Flow Chart
2) Compost Analysis Report – University of Maine Test Results
3) Compost Analysis Report – University of Vermont Test Results
4) Byproduct Test Results – Maine Environmental Laboratory
5) Picture of the BioGreen360 machine
6) Brochure of the BioGreen360 machine

Please contact me for any additional information that you may need or if you would like to discuss this further. Thank you for your time and consideration.

7-3

Sincerely,

George Bennett
President

Response to Comment #7-1

Staff is quite interested in the operation for the Bio Green 360 decomposting equipment but has concerns in regard to what levels of emissions the equipment produces. District permitting staff discussed their concerns about potential emissions with the commenter. However, to date, requested emission data is not available, therefore is not included in the current proposed rule amendment, but may be considered at a later time when emissions data is available.

Response to Comment #7-2

The Bio Green decomposting equipment may require a permit to operate dependant on the potential emissions data and profile. A written permit is normally required for emission producing equipment or equipment controlling the emissions of emissions producing equipment. This equipment would have to go through an engineering analysis to determine the final disposition of whether the equipment could be given an exemption of require a written permit before the equipment can be installed and operated. Staff understands that this process has already been initiated for this equipment.

Response to Comment #7-3

AQMD permitting staff does not support an exemption from permit for the Bio Green 360 equipment due to the lack of potential emissions data from this equipment. Permitting staff needs to quantify the type and amounts of emissions produced before a determination on the Bio Green 360 equipment can be made.

The following comments are from SCEC – Comment Letter #8

SCEC

August 3, 2012

Mr. Don Hopps
South Coast AQMD
21865 Copley Drive
Diamond Bar, CA 91765

Subject: **Comments Regarding the Proposed Amended Rule 219**

Mr. Hopps:

SCEC is providing the following comments regarding the proposed amendments to Rule 219. These comments include recommendations for the exemption of equipment which SCEC feels are insignificant sources of air pollution – namely, downflow booths and small grinding equipment (i.e. mills). The requirement for a permit on these devices not only creates a financial burden for businesses in the pharmaceuticals manufacturing industry (i.e. permit processing and renewal fees), but it also creates logistical problems for these businesses; complying with permit limits and maintaining the associated recordkeeping activities for these devices is impractical.

SCEC believes that the currently proposed language either does not provide sufficient clarification to allow a particular type of equipment to take an exemption, or said equipment is made ineligible for exemption based on its function or the types of materials it processes.

8-1

Comments:

1. Rule 219(c)(9) – this subsection of the proposed amended rule exempts "hoods, stacks, or ventilators". SCEC feels that "downflow booths" should also be specified in this exemption language. If not specifically called out as exempt, SCEC would like the District to provide clarification in the staff report to indicate that it is the intent of the Board to allow downflow booths to be included in the exemption.

   At many pharmaceutical manufacturing facilities, and possibly within other industrial sectors, downflow booths are used as a means to protect workers during dry powder material transfer operations, and to reduce the probability of cross-contamination within the facility. These businesses commonly employ downflow booth technology to actively vent an area within a production facility. These devices do not control VOC emissions (nor are VOC containing materials processed in them), and are typically equipped with a variety of solid material filters – i.e. prefilters and high efficiency particulate arresting

8-2

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(HEPA) filters. The device itself can be small or large, but all of these systems are designed to isolate any fugitive particulate matter, and keep it from escaping into the room which houses the system. This is done using controlled air circulation and filters.

8-2 Cont'd

In addition to basic material handling operations, such as material transfer between storage bins, these systems can also be used to control fugitive particulates from product grinding operations (using small mills or comminutors). Regardless of the nature of the activity within the downflow booth, it is basically acting as a ventilation system. In fact, the concept of the downflow booth is similar to a lab hood, or other hood device which might vent a particular operation, save for the fact that some of the air is recirculated after being filtered.

SCEC believes that the District should provide clarification to allow for exemption of these types of downflow booth systems. Given that they serve the same purpose as a hood or ventilator, but with a more robust filtration system for fugitive particulates, it appears that they should receive the same type of exemption from written permit.

8-3

2. Rule 219(i) – There are several comments for this section of the rule which deals with exemptions for pharmaceuticals, cosmetics, and food processing or preparation equipment.

Subsection (4) exempts specific grinding, blending, or packaging equipment, contingent upon facility VOC-containing solvent usage. This part of the rule also specifies that the equipment must be processing certain food or cosmetic materials in order to qualify for the exemption. Currently, there is no equivalent exemption for similar equipment used to process pharmaceutical materials – particularly grinding equipment, even though these devices are functionally identical.

A pharmaceuticals manufacturing operation can include many small milling devices used to grind pharmaceutical granules and powder materials to achieve a desired uniformity and size. The facility may have dozens of these devices, which can be wheeled around to various production rooms within the plant on an as-needed basis.

Typically, these devices have a small 1-2 cubic foot hopper, which feeds into a mill. These are pass-through devices where there is no actual internal reservoir for the materials once processed – i.e. materials are fed into the machine from a storage bin or other container, passed through the mill, and immediately discharged into a new storage bin (which is placed under the mill before the operation begins). These machines usually have a 3-7 horsepower electric motor which drives the mill process. Milling operations may last for several minutes to an hour, depending on the amount of material to be processed.

8-4

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Mr. Don Hopps
South Coast AQMD

Although Rule 219(k)(4) exempts "grinding" equipment, it is based on the use of liquids in the machine. While certain mills may perform "wet mill" type operations, many others are used exclusively for the processing of dry materials. For those devices which are capable of performing both wet and dry milling operations, they cannot take the current exemption because of the dry milling function. Dry material milling operations do not incorporate the use of VOC containing solvents, and they are usually performed within a production facility. Pharmaceutical manufacturing facilities in particular have robust dust collection (or filtration) systems tied into the building air handling process to control all air leaving the facility. This is done primarily to avoid expelling pharmaceutical products which might impact the surrounding community, but also serves as emission control for fugitive particulate matter released within the building.

Furthermore, since the devices are all functionally identical and can be wheeled around on an as-needed basis, they are used interchangeably in most cases. This makes estimation of throughput in any one device very difficult. It is not necessarily appropriate to incorporate an assumed emission profile for each one of these devices into the overall facility NSR balance. In a facility which incorporates BACT for solid materials handling operations (i.e. baghouse, HEPA filtration, or dust-collector system), these devices are not considered to be significant sources of fugitive particulate matter.

Also, the cost of permitting and maintaining permits on these types of devices is disproportionately large compared to the potential air quality benefit of regulating the sources – particularly in facilities with robust filtration systems built in to control fugitive particulate matter. Being a schedule B type device, each mill would cost more than $2000 in AQMD fees to permit. Each permit would also need to be renewed annually at a cost of several hundreds of dollars. This is just the cost of AQMD fees to acquire and maintain the permits; the AQMD must also consider the cost to a business for ensuring that the proper recordkeeping practices are being used, or any other required activities are being performed to demonstrate compliance with permit conditions.

8-5

Regarding emissions, SCEC believes that these devices are insignificant sources of air pollution. As an example, a single unit may process 10,000 pounds of powder material in a given day. If the facility is only equipped with a filtration system which is 95% efficient for the capture of PM10, and using an emission factor of 1 lb PM10/ton powder material processed, the end result is approximately 0.25 lbs PM10/day. Assuming a 5-day work week, 52 weeks of operation per year, and that the machine is used each day the facility operates, the result is 65 lbs PM10/year. If a more effective PM10 control system is employed at the facility (i.e. HEPA filtration; ~99.97% control efficiency for PM10), this emissions profile could be as low as 0.0015 lbs PM10/day and less than a pound per year of PM10. Even when a facility has multiple milling units, the emissions implications will be very small, as demonstrated in the above example.

8-6

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Mr. Don Hopps
South Coast AQMD

For the reasons stated above, SCEC requests that the District considers the addition of new language which would allow these small, mobile, milling devices used in pharmaceutical manufacturing operations to be exempted from written permit when VOC solvents are not used in the equipment. This exemption would be located in either section (i) or (k) of the proposed amended rule, and it could be structured to resemble similar exemptions given to other equipment, such as pharmaceuticals tableting or packaging equipment – i.e. contingent upon the use of VOC containing solvents in the machine. It may also be appropriate to specify that the exemption applies only to pharmaceutical manufacturing operations, and/or to those operations which are contained within a facility or areas of a facility equipped with fugitive particulate control systems. If the District wishes to place some sort of material throughput limit on a device in order to qualify for the exemption, in those cases where a facility may not be equipped with such fugitive particulate controls, that may also be appropriate.

8-6 Cont'd

In conclusion, SCEC believes that there are opportunities to incorporate certain types of equipment, which are commonly used in the pharmaceuticals manufacturing industry, into the provisions of Rule 219, thereby exempting these negligible emission sources from written permit. Whether it is a ventilation system designed for worker safety and to avoid product contamination, or small process equipment units with relatively insignificant potential emissions, SCEC would like to point out that these devices are currently subject to permit under District rules. The costs of permitting (and maintaining compliance with permit conditions) on the industry seems disproportionately large relative to the potential benefit of controlling the emissions from such devices through the AQMD's permit program.

8-7

Presented in Figure 1 and Figure 2, SCEC is providing some representative photos of the equipment discussed herein.

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FIGURE 1
DOWNFLOW BOOTH SAMPLE

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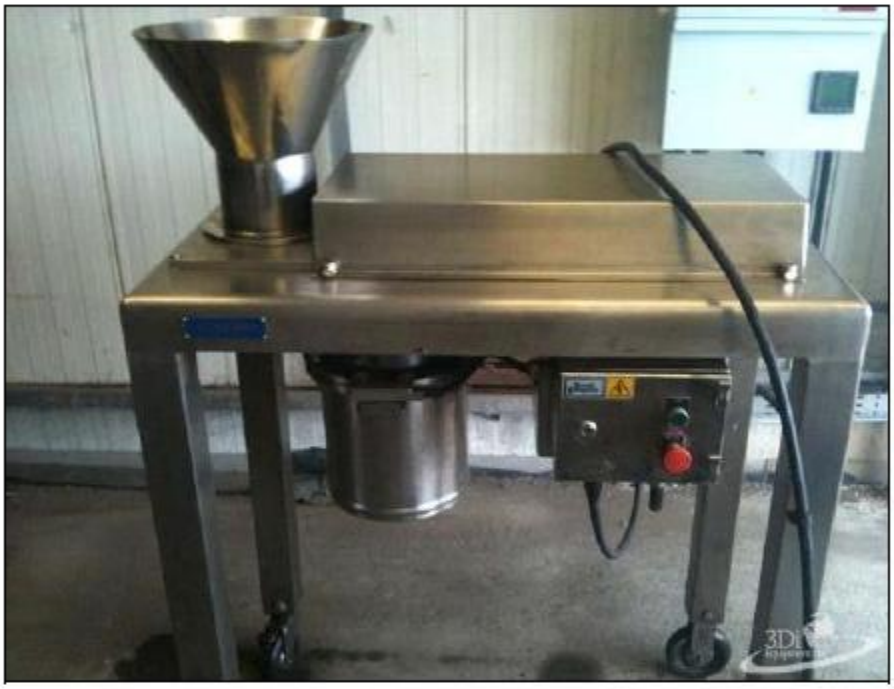
Mr. Don Hopps
South Coast AQMD

FIGURE 2
MOBILE GRINDING EQUIPMENT



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Mr. Don Hopps
South Coast AQMD

Should the District have any questions or concerns regarding the comments presented in this document, please feel free to contact me directly at (714)282-8240 x30.

Best Regards,
SCEC

Bill Winchester
Project Manager

cc. Mr. Mohan Balagopalan
(SCAQMD)

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Response to Comment #8-1

Rule 219, under the "purpose" paragraph, does provide clarification for which types of equipment will meet the exemption provided in the rule. Rule 219 subparagraph (c)(9) provides an exemption for hoods, stacks and ventilators but not down draft booths because down draft booths are an emission control device and are used to collect particulates through filtered media.

Response to Comment #8-2

Staff has not provided a specific exemption for down flow booths in Rule 219 paragraph (c)(2). Down flow booths are equipped with exhaust filters that collect particulate and because they are an emission control device, they are required to be permitted. Rule 203 subdivision (a) states "*A person shall not operate or use any*

equipment or agricultural permit unit, the use of which may cause the issuance of air contaminants, or the use of which may reduce or control the issuance of air contaminants, without first obtaining a written permit to operate from the Executive Officer or except as provided in Rule 202."

Response to Comment #8-3

The down draft booths, used for particulate control during grinding operations, qualify as a particulate control device and are required to be permitted. The down draft booths are somewhat similar to a hood or a ventilator but as the commenter points out, they are equipped with a "more robust filtration system for fugitive particulates." Staff's opinion is that the down draft booths qualify as an emission control device and are required to be permitted and cannot be given an exemption in proposed amended Rule 219.

Response to Comment #8-4

The current version of Rule 219 subdivision (i) is intended for pharmaceutical, cosmetics, and food processing and preparation equipment; however, the exemption under paragraph (i)(4) is provided for *tea, coffee, cocoa, roasted coffee, flavor, fragrance extraction, dried flowers and spices and they can only produce less than one gallon per day, or 22 gallons per month, of VOC containing solvents*. The exemption was not intended to exempt pharmaceutical grinding operations.

Response to Comment #8-5

The active and current version of Rule 219 paragraph (k)(4) is intended for blending grinding, mixing, or thinning liquids to which powders are added with a capacity of 251 gallons or less and no supplemental heat is added or no ingredient that exceeds 135 °F is added. However, the grindings of pharmaceutical products produces particulate, which must be collected with an emissions control device. As the commenter points out the "robust dust collection" is primarily used to "avoid expelling pharmaceutical products which might impact the surrounding community, but also serves as emission control for fugitive particulate matter released within the building."

Response to Comment #8-6

Staff disagrees with the exemption proposed for grinding operations on pharmaceutical products based on the lack of source test data to validate any real particulate emissions coming from the operation. Furthermore, staff does not know the real impacts of several grinding machines operating together. If data from a source test were available that would identify actual emissions generated from such grinding operations, a potential exemption may be considered in further amendments to Rule 219.

Response to Comment #8-7

See response to comment #8-6.

The following comments are from California Small Business Alliance – Comment Letter #9

CALIFORNIA Small Business Alliance
Dedicated to Environmental Progress and Economic Growth

August 3, 2012

California Autobody Association
California Cleaners Association
California Film Extruders & Converters Association
California Furniture Manufacturers Association
California Independent Petroleum Association
Construction Industry Air Quality Coalition
Korean Drycleaners-Laundry Association of Southern California
Metal Finishing Association of Southern California
Printing Industries of California
Screenprinting & Graphic Imaging Association International
Southern California Rock Products Association

Mr. Don Hopps
Planning, Rule Development & Area Sources
South Coast Air Quality Management District
21865 Copley Drive Diamond Bar, CA 91765

Subject: Comments - PAR 222 (Filing Requirements for Specific Emission Sources Not Requiring A Written Permit Pursuant To Regulation II

Dear Mr. Hopps:

The California Small Business Alliance (Alliance) is a coalition of trade associations representing approximately 14,000 small businesses with approximately 750,000 employees who work in the state's manufacturing, construction, oil and natural gas, and service sectors. The Alliance was created by these associations to advocate on their behalf before all branches of government, including environmental regulatory agencies.

Our purpose for writing is to comment on the South Coast Air Quality Management District's (District) proposal to amend Rules 219 (*Equipment Not Requiring A Written Permit Pursuant To Regulation II*) and 222 (*Filing Requirements for Specific Emission Sources Not Requiring A Written Permit Pursuant To Regulation II*), which will expand the list of equipment covered by these rules; thereby simplifying and streamlining the administration of the permit system.

Hundreds of Alliance-member businesses, and thousands of other small businesses, have been adversely impacted by the District's Rule 1147 (*NOx Reductions from Miscellaneous Sources*) ever since it was first adopted in 2008. Regrettably, hundreds of small businesses continue to be adversely impacted notwithstanding the rule being amended in September 2011, ostensibly for the purpose of correcting certain deficiencies in the rule, and the promise that some semblance of relief would be afforded to affected small businesses.

9-1

Because many small business owners still find the technical basis behind Rule 1147 grossly deficient, unreasonably demanding and, in many instances, impossible to comply with, we have been urged by our members to ask the District's staff to earnestly consider expanding the list of equipment that is currently being contemplated for inclusion in the Rule 222 filing program. Specifically, we are

9-2

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Telephone: (714) 778-0763 • Fax: (714) 778-0763
Website: http://www.calsmallbusinessalliance.org

referring to gaseous and liquid fuel fired combustion equipment, as defined in Rule 1147, with individual fuel usage profiles of one pound or less of NOx emissions per day. Examples of these are spray booth heaters. dryers, and ovens, and heaters and dryers on printing presses.

We would be negligent if we didn't remind the staff of the reports from a multitude of concerned small business owners, and consultants, given over the past year or more at meetings and hearings on Rule 1147 about the unavailability of feasible and affordable technology for their unique applications. Some of these small business owners find themselves confronted by fairly imminent and impossible compliance deadlines under the rule. We strongly urge the staff to also consider these situations for acceptance into Rule 222.

9-2 Cont'd

As the staff so clearly pointed out at the July 19th Public Workshop, and at the July 27th briefing to the Stationary Source Committee, Rule 222 provides a simplified filing process in lieu of permitting for certain equipment that have a low emissions profile. It is this very same equipment with low emissions profiles of one pound or less of NOx emissions per day that we propose be considered for inclusion in the upcoming amendment of Rule 222. Suffice it to say that we were greatly encouraged when the members of the Stationary Source Committee expressed their support of our proposal.

9-3

On balance, it is because of the business environments in which so many of these units are used either infrequently or at low production levels that makes permitting an exorbitant expense and daily recordkeeping an intrusive administrative burden.

9-4

We would be remiss if we did not point out that under Rule 1147, the cost to retrofit a conventional burner to an approved low NOx burner in many, if not most, of these smaller heaters, dryers, and ovens is the same as it is for heaters, dryers, and ovens contained in units with demonstrably higher operating histories of producing more than one pound per day of NOx emissions.

Finally, it is both necessary and appropriate to mention that the total cost of retrofitting a single burner and enclosure in the myriad of applications used in these small businesses can easily be in the range of $30,000 to $50,000 or more.

9-5

Thank you for the opportunity to comment.

Very truly yours,

Gary Stafford
Gary Stafford
President

Bill La Marr
Executive Director

Response to Comment #9-1

The scope of the amendment to Proposed Amended Rule 222 is to streamline the permitting system by identifying small emission sources that are currently permitted and transitioning these sources from their current permitted status into the Rule 222 filing program, along with their current operating conditions. AQMD staff has identified and evaluated several categories of equipment that will be proposed to be moved from their current written permitted status and into the Rule 222 filing program, with numerous equipment categories under Rule 1147 applicability. *At the same time, staff is amending Rule 219 to address other issues which have been raised by business and engineering and compliance staff.*

Response to Comment #9-2

The inclusion of additional equipment in the Rule 222 filing program and amendment of Rule 219 is being done as a response to issues raised by local business. These proposed amendments are the first step in the reevaluation of sources affected by Rule 1147. The following list of equipment includes mobile construction and maintenance equipment for which it is more difficult to implement the low NOx technologies used on stationary construction equipment such as staged fuel combustion and premixing air and fuel using electric fans and higher gas pressures. In addition to addressing technical feasibility issues relating to equipment currently affected by Rule 1147, staff is addressing issues relating to Rule 219 for small food ovens, fuel cells, micro-turbines, and engines and boilers in remote locations. The following is a list of categories of equipment affected by the proposed amendments:

- Asphalt day tankers that have a maximum capacity greater than 600 liters (159 gallons) but no more than 18,925 liters (5,000 gallons), equipped with a demister and burner(s) that fire exclusively on liquefied petroleum gases;
- Asphalt Pavement Heaters used for road maintenance and new road construction;
- Diesel fuel boilers that have a rated maximum heat input capacity of no more than 2,000,000 Btu/hour and are located more than 4,000 feet above sea level or more than 15 miles offshore and are in operation prior to the [Date of adoption].
- Food convection ovens that are exclusively fired on natural gas and have less than 2,000,000 Btu /hour or less, and where the VOC emissions from yeast fermentation are less than one pound per day
- Fuel cells equipped with a heater producing supplemental heat with a rated heat input capacity of 90,000 therms per year or less.
- Micro-turbines with a rated maximum heat input capacity of 3,5000,000 Btu/hour or less, provided that the cumulative power output of all such engines at a facility is less than two megawatts, and that the engines are certified at the time of installation with the state of California or were in operation prior to the [Date of Adoption].
- Portable diesel fueled heaters that have a rated maximum heat input capacity of 250,000 Btu/hour or less.
- Portable power pressure washers and hot water or steam washers and cleaners that have heaters or burners that have a maximum rated heat input capacity of 500,000 Btu/hour or less and use no more than 50 gallons of fuel per day.
- Tar pots with a maximum storage capacity greater than 600 liters (159 gallons) but no more than 3,785 liters (1,000 gallons) and equipped with burner(s) that fire exclusively on liquefied petroleum gases.
- Piston-type internal combustion engines, with a manufacturer's rating of 2100 brake horsepower or less, that is used exclusively for electrical generation at remote two-way radio transmission towers where no utility, electricity or natural gas is available within a ½ mile radius.

This recommendation is based, in part, on results of the first phase of the Rule 1147 Internal Technology Assessment being conducted as part of Rule 1147 implementation. As additional phases of those technology assessments are completed, and based on findings, small gaseous fired heaters for paint spray booths may be considered in future rule amendments.

Response to Comment #9-3

See response to Comment #9-2. The focus of the current proposed amendments to Rules 219 and 222 are to address long standing issues relating to Rule 219 and to address technical feasibility issues for mobile equipment subject to Rule 1147.

Response to Comment #9-4

See response to Comment #9-2. The permit fees for Rule 1147 compliance have been reduced significantly. In addition, the recordkeeping component of Rule 1147 was amended to address the request of industry to allow simple recordkeeping of hours of use or gas use to document emissions of less than one pound per day.

Response to Comment #9-5

See response to Comment #9-2. These amendments are reducing businesses costs.

The following comments are from WSPA – Comment Letter #10

Western States Petroleum Association
Credible Solutions • Responsive Service • Since 1907

Patty Senecal
Manager, Southern California Region and Infrastructure Issues

VIA ELECTRONIC MAIL

August 3, 2012

Don Hopps.
Planning, Rule Development, and Area Sources
South Coast Air Quality Management District
21865 Copley Drive
Diamond Bar, CA 91765

Dear Mr. Hopps:

WSPA COMMENTS ON PAR 219, EQUIPMENT NOT REQUIRING A WRITTEN PERMIT

Western States Petroleum Association (WSPA) is a non-profit trade association representing twenty-seven companies that explore for, produce, refine, transport and market petroleum, petroleum products, natural gas and other energy supplies in California, Arizona, Nevada, Oregon, Washington and Hawaii. WSPA-member companies operate Retail Gasoline Outlets and other facilities in the South Coast Air Basin that will be impacted by the final requirements of Rule 219

WSPA appreciates the opportunity to submit these comments on the District's currently proposed amendments to Rule 219.

WSPA strongly support the addition of the following categories of equipment to the slate of equipment that is exempt from the requirement for a written permit pursuant to Regulation II:

(b)(3) Power pressure washers, portable hot water or steam washers and cleaners per the criteria stated in the paragraph.

(p)(22) Equipment used to recycle aerosol paint cans per the criteria stated in the paragraph.

10-1

WSPA appreciates the opportunity to submit these comments. Please contact me with any questions at (310) 678-7782, or, psenecal@wspa.org.

Sincerely,

Patty Senecal

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Response to Comment #10-1

The District appreciates your comments. Your comments have been addressed in Responses to Comments #3-2 and #1-2.

The following comments are from Beta Offshore – Comment Letter #11

August 3, 2012

Mr. Don Hopps
South Coast Air Quality Management District
Planning, Rule Development, & Area Sources
21865 Copley Drive
Diamond Bar, CA 91765

RE: PROPOSED AMENDED RULE 219
EXEMPTION FOR IC ENGINES WITH PERP REGISTRATIONS

Dear Mr. Hopps:

The noticed intent of the current proposed amendments to Rule 219 states that *"staff intends to make revisions to some paragraphs of the current rule language to clarify the intent of the existing exemptions and include minor clarifications and editorial corrections to the rule."* In this regard, Beta Offshore requests clarifying language be added to paragraph (b)(6) of the rule, which exempts portable internal combustion (IC) engines with PERP registrations from requirements to obtain a permit.

Paragraph (b)(6) currently reads as follows:

> *Portable internal combustion engines, including any turbines qualified as military tactical support equipment under Health and Safety Code Section 41754, registered pursuant to the California Statewide Portable Engine Registration Program.*

We request the addition of language to make paragraph (b)(6) read as follows (requested added language shown in underscore):

> *Portable internal combustion engines, including any turbines qualified as military tactical support equipment under Health and Safety Code Section 41754, registered pursuant to the California Statewide Portable Engine Registration Program, including the use of such engines at locations where PERP registrations are otherwise not valid (e.g., within the Outer Continental Shelf) as long as the engines are operated in compliance with all other conditions in the current PERP registrations.*

11-1

In the case of an IC engine with a current PERP registration that is planned to be used at a location where the registration is not valid (e.g., in the Outer Continental Shelf (OCS)), it is currently not clear whether the exemption from permitting provided by paragraph (b)(6) is valid. It could be interpreted to mean that, because the engine has a current PERP registration, it is exempt from District permitting requirements. However, PERP registrations contain a condition

11-2

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that explicitly states the registration is not valid in the OCS. In this case, would the exemption provided by paragraph (b)(6) still be valid?

11-2 Cont'd

We have posed this question to various District staff members, including both enforcement and permitting staff, and have received conflicting answers. Thus, it appears that even District staff personnel do not consistently interpret the intent of this exemption in the case of an IC engine that will be used at a location where the PERP registration is not valid.

In the specific case of Beta Offshore, which operates three offshore oil and gas production platforms in the OCS that are subject to District rules and regulations, the proposed clarification to the existing language is important. If the exemption in paragraph (b)(6) is not valid for an IC engine with a PERP registration that is not valid in the OCS, the additional planning, time, and expense associated with obtaining a District permit for such an engine is a significant burden. The need for such an engine is often of a sudden, unanticipated, and short-term nature. In cases where the engine is needed to perform a maintenance function, delays in performing the needed maintenance can result as well as the potential need to shut down other equipment and processes if the maintenance is necessary to maintain compliance with applicable permit requirements. As a result, this tends to place Beta Offshore at a competitive disadvantage with respect to operators of other oil and gas production facilities within the District's jurisdiction. Specifically, Beta Offshore, solely because of its facility's location in the OCS, is required to obtain a District permit for such an engine while its competitors located onshore or in State Territorial Waters are not. Because the emissions impacts of the use of such an engine within the South Coast Basin are essentially the same whether it is used onshore, in State Territorial Waters, or in the OCS, the additional permitting burden is without a corresponding benefit to air quality.

11-3

Again, Beta Offshore requests that language be added to paragraph (b)(6) that will clarify the exemption is applicable to IC engines with PERP registrations, even when used at locations (under the jurisdiction of the District) where the PERP registration is otherwise not valid.

11-4

Thank you for your consideration of this request. If you need any further information or would like to discuss this matter further, please contact Beta Offshore's HSE Manager, Ms. Marina Robertson via phone at 562-628-1526 or via e-mail at mrobertson@betaoffshore.com.

Sincerely,

For:

Steve Liles
Executive Vice President and Chief Operating Officer

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Response to Comment #11-1

Proposed Amended Rule 219 paragraph (b)(6) exempts from AQMD permitting requirements all portable engines and equipment units registered in the Portable Equipment Registration Program (PERP) by the California Air Resources Board (CARB). The language of PAR 219 (b)(6) mirrors that of the PERP regulation, developed by CARB to allow operation of certain portable engines and equipment units under statewide registration as a voluntary alternative to operating under district-specific permits. As you have correctly noted, not all portable engines are eligible for PERP registration [PERP §2451 (c)]; among those specifically excluded from eligibility are "*any [portable] engine or equipment unit operating within the boundaries of the OCS*" [PERP §2451 (c)(5)].

If a PERP registration cannot be issued for a portable engine operating within the OCS, no PERP registration conditions exist for that use; likewise, if a PERP registration issued for an allowable use is deemed invalid for use within the OCS, so are its conditions invalid for that unallowable use. Because portable engines are not eligible for operation within the boundaries of the OCS, they are subject to AQMD permitting requirements. In addition to the requirements of AQMD Regulation II – Permits, OCS sources are also subject to the requirements of 40 CFR Part 55 as incorporated into AQMD Rule 1183 *("All OCS sources located within 25 miles of the State's seaward boundary and for which the District has been designated as the corresponding onshore area (COA) shall comply with the standards, criteria, and requirements set forth herein."*) 40 CFR Part 55.6 specifically addresses permitting requirements for OCS sources.

Response to Comment #11-2

Please see *Response to Comment #11-1* above. If a specific condition of a PERP registration issued for an IC engine precludes a particular use of the engine, that use is automatically subject to permitting requirements of the local air district. The PERP registration condition at issue is simply a restatement of PERP §2451 (c)(5), which excludes "*any [portable] engine or equipment unit operating within the boundaries of the OCS*" from operating under PERP, thereby subjecting such engines and equipment units to local air district permitting requirements. AQMD staff responsible for implementing and enforcing the PERP program is available to discuss this matter with you further and may be contacted toll-free at 1-877-810-6995 or at perp@aqmd.gov.

Response to Comment #11-3

Please see *Response to Comment #11-1 and #11-2* above.

Response to Comment #11-4

Please see *Response to Comment #11-1 and #11-2* above. Staff believes the current rule language is clear and does not agree that there is need for additional rule language.

The following comments are from Capstone – Comment Letter #12

Capstone Turbine Corporation
21211 Nordhoff Street • Chatsworth, CA 91311 • Tel. 818.734.5300 • Fax 818.734.5320
www.capstoneturbine.com

August 3, 2012

Mr. Don Hopps
South Coast Air Quality Management District
Planning, Rule Development & Area Sources
21865 Copley Drive
Diamond Bar, CA 91765

Thank you for the opportunity to comment on its proposed changes to Rule 219 and Rule 222.

Introduction to Capstone Turbine Corporation

Capstone Turbine Corporation® is the world's leading producer of low-emission microturbine systems, and was first to market with commercially viable air bearing turbine technology. Founded in 1988, the company has shipped over 6,500 Capstone turbines to customers worldwide. These award-winning systems have logged millions of documented runtime operating hours.

Capstone Turbine manufactures and assembles all of its microturbines in Chatsworth and Van Nuys. We employ over 200 people most of which are trained in highly-skilled, technical positions. Our company is in a significant growth mode, posting revenue increases of thirty to forty percent year-on-year for five years in a row, much of that growth taking place during the economic downturn. Annual revenues in our last completed fiscal year exceeded $110 million.

Our strength and our future potential are based on our unique technology. Capstone's microturbines run on air bearings which eliminate the need for any oil or lubricant within the system. The Capstone microturbine has only one moving part which significantly simplified maintenance and reduces the likelihood of equipment failure. Throughout our history Capstone has endeavored to make the most reliable and low-emission microturbines possible.

Why Customers Choose Capstone

Capstone's customers choose microturbines for a variety of reasons. Sixty percent of Capstone's customers are in the oil and gas sector, which highly values reliability and durability. Oil and gas customers install our product in remote and often hazardous environments, including hundreds of miles offshore. Commercial and industrial users adopt microturbines for their reliability, but these customers are also driven by their desire to save money on energy costs so they typically operate our systems in cogeneration or trigeneration applications. Our renewable fuel customers choose microturbines because they are a durable choice for creating power from biogas while producing very low emissions.

All of our customers value the ability of our product to provide reliable power with very low emissions. In particular, California companies have long selected CARB-certified microturbines as the technology of choice because it meets their energy and cost-saving needs while eliminating or reducing the need for local air permitting, thus making the process of installing clean distributed generation much easier.

Capstone's business is global. We do business in over fifty countries across the world, with exports constituting about half of our overall sales. In 2009, President Obama recognized Capstone's exporting success by awarding the company with the prestigious and competitive "E Award for Exporting." While the vast majority of sales come from outside California, Capstone still makes great efforts to make our products as competitive as possible in the local market, and is aggressive in growing our business in our home state.

Capstone Turbine's History with CARB

Capstone has deep experience working with CARB to certify its products to strict emissions requirements. Over the years, Capstone has successfully certified seven of its products to meet CARB requirements. These include the natural gas, landfill gas, and digester gas versions of the C65 and C200 microturbines, as well as the oil field waste gas version of the C65 microturbine.

Each certification has required considerable investment by Capstone in terms of financial resources, engineering resources and time. Depending on what emissions level is specified and what technology is currently available, the investment on one certification alone could be up to three years and exceed millions of dollars. Capstone has made these investments because we recognize the value in providing our customers with a cleaner power solution that would be simpler to permit and install. Capstone received the benefit of additional business, the customer benefited from a streamlined installation process, and the state of California benefited from cleaner air. Truly a win-win-win.

12-1

Current Changes to Rules 219 and 222

With the proposed changes to Rules 219 and 222, South Coast Air Quality Management District ("SCAQMD") seeks to make 3 changes to the rules, one of which believe will have negative impacts for our company, our customers and the State. We would like to note just for reference purposes that raising the regulation trigger to a heat input rating of 3,500,000 Btu/hr from the current level of 2,975,000 Btu/hr may erode a competitive advantage that Capstone has in South Coast market. However, we do believe that more microturbine product opportunities are good for the market overall.

What does greatly concern Capstone is shifting the point of regulation from an individual unit basis to a combined system basis. Capstone requests this change be deleted. Under the proposed rule, permitting would be required for any total system that exceeds the above heat input rating. This is a dramatic change from the current regulation which takes into account the heat input rating of individual units. Such a move appears to single out the Capstone C65 and C200 products, since under the current rule both products do

12-2

not require an air permit in SCAQMD, but under the proposed structure both products would require air permits. There is no other manufacturer that is impacted so dramatically by the proposed change. Furthermore, this proposed change inexplicably does not apply to fuel cells.

12-2 Cont'd

With regard to the proposed CARB certification requirement, Capstone is comfortable with this requirement for our natural gas products. As noted during our teleconference meeting, we are currently assessing the viability and expense of re-certifying expiring biogas products (landfill gas, digester and waste gas) under the stricter 2013 limits. It seems to us that the beneficial use of biogas as opposed to the alternate uses, whether it is methane seepage or flaring, should warrant special consideration. We will be working with CARB in the coming months on this analysis and would ask that biogas be given more flexibility from the CARB certification requirement. We ask that South Coast work with stakeholders such as Capstone to discuss what these requirements would be. A fair system that encourages biogas utilization for renewable power using clean conversion devices will bring pollution and GHG reduction benefits.

12-3

Finally, it would be helpful to get some clarification on how the current installed base of microturbines will be affected. Capstone has hundreds of microrturbines installed at customers' locations in the South Coast. Addressing the "combined" issue may make this point moot but we feel further discussion on this topic is warranted.

12-4

Summary

Capstone greatly appreciates the opportunity to educate you on our products being marketed in the South, Coast, throughout California and around the world. We are generally supportive of the changes with the exception of the "combined" language and would respectfully request more flexibility on the CARB certification requirement for biogas. Thank you for taking the time to consider our comments.

12-5

Sincerely,

Justin Rathke
Vice President of Sales – Americas, Africa and Middle East

Response to Comment #12-1
Staff appreciates the commenter's concurrence.

Response to Comment #12-2
See Responses to Comment #1-1.

Response to Comment #12-3
The proposed rule language for Rule 219 paragraph (b)(1) seeks to provide an exemption for gas turbines and micro-turbines, with a cumulative power output of all such engines at a facility is less than two megawatts, provided that they are certified at the time of installation with the state of California and have a maximum heat input capacity of 3,500,000 Btu/hour or less. This is no restriction on the type fuel used to power the micro-turbine. However, the District cannot provide additional flexibility or leniency for a CARB certification requirement. The District can however, require more stringent requirements than CARB but not less. Nonetheless, staff has added a provision to clarify that the exemption applies to all micro-turbines in operation prior to the amendment.

Response to Comment #12-4

The District intends to grandfather-in the currently installed base of micro-turbines provided that they meet the criteria in the proposed rule language for Rule 219 paragraph (b)(1). The proposed rule language has been revised to reflect this change.

Response to Comment #12-5

Please see Response to Comment #12-3.